

## Terms and Definitions

**ACTUAL/EXPECTED (or A/E) RATIO:** The ratio of the actual number of occurrences of a particular decrement compared to the expected number of occurrences of that decrement, based upon the current set of assumptions and the applicable exposures.

**ACTUARIAL ACCRUED LIABILITY:** That portion of the Actuarial Present Value of pension plan benefits which is not provided by future Normal Costs or employee contributions. It is the portion of the Actuarial Present Value attributable to service rendered as of the Valuation Date.

**ACTUARIAL ASSUMPTIONS:** Assumptions, based upon past experience or standard tables, used to predict the occurrence of future events affecting the amount and duration of pension benefits, such as: mortality, withdrawal, disablement and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; and any other relevant items.

**ACTUARIAL GAIN OR LOSS (or EXPERIENCE GAIN or LOSS):** A measure of the difference between actual experience and that expected based upon the set of Actuarial Assumptions, during the period between two Actuarial Valuation dates.

Note: The effect on the Accrued Liability and/or the Normal Cost resulting from changes in the Actuarial Assumptions, the Actuarial Cost Method or pension plan provisions would be described as such, not as an Actuarial Gain (Loss).

**DECREMENTS:** The means by which a member changes status. For active members, the decrements are retirement, disability retirement, withdrawal and death. For retired members, the only decrement is death.

**EXPOSURE:** The number of lives exposed to a given risk of decrement for a particular age (and/or service and gender). It represents the number of members who could have potentially retired, become disabled, withdrawn or died at that particular age.

**NORMAL COST:** Total Normal Cost is that portion of the Actuarial Present Value of pension plan benefits which is to be paid in a single fiscal year. The Employee Normal Cost is the amount of the expected employee contributions for the fiscal year. The Employer Normal Cost is the difference between the Total Normal Cost and the Employee Normal Cost.

**RP-2000:** Mortality tables published by the Society of Actuaries based on a study of uninsured pension plan mortality. The tables reflect data submitted from 100 large pension plans for the years 1990-1994, and the resulting table is projected to the year 2000.

**UNFUNDED ACTUARIAL LIABILITY:** The Actuarial Accrued Liability less Assets.